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***ANTIOCH PUBLIC LIBRARY DISTRICT  
LAKE COUNTY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2016***

**eder, casella & co.**

ANTIOCH PUBLIC LIBRARY DISTRICT

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JUNE 30, 2016

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Antioch Public Library District  
Antioch, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of

### ANTIOCH PUBLIC LIBRARY DISTRICT

as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Antioch Public Library District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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co.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contribution, and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 3 through 7 and 28 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Antioch Public Library District's basic financial statements. The supplemental financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Change in Accounting Principle**

As discussed in Note 14 to the financial statements, the Library implemented GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
December 12, 2016

REQUIRED SUPPLEMENTARY INFORMATION

# **ANTIOCH PUBLIC LIBRARY DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

As management of Antioch Public Library District (Library), we offer readers of the Library's statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2016.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,979,938 (net position). Of this amount, \$(90,826) (unrestricted net position) would be available (if the balance was positive) to be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net position decreased by \$51,060.
- As of the close of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$621,229, an increase of \$50,664 in comparison with the prior year.
- The Library's total long-term debt decreased by \$235,000 during the current fiscal year due to scheduled repayments of the debt.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Library's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements present functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library does not have any functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include general government and library operations.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other

state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are governmental funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Debt Service Fund, both of which are considered to be major funds.

The Library adopts an annual appropriated budget for both the General Fund and the Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and the Debt Service Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 27 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in meeting its obligation to provide as fully adequate as possible library services to its residents. Required supplementary information can be found on pages 28 through 32 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,979,938 at the close of the most recent fiscal year.

By far, the largest portion of the Library's net position reflects its investment in capital assets (e.g., land, works of art and historical books, building, land improvements, equipment and shelving, and library materials) less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the Statement of Net Position at June 30, 2016 and June 30, 2015 follows:

**Antioch Public Library District's Net Position**

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Current and Other Assets	\$ 3,218,388	\$ 3,131,328
Capital Assets	4,010,198	4,173,657
<b>Total Assets</b>	<b>\$ 7,228,586</b>	<b>\$ 7,304,985</b>
<b>Deferred Outflows of Resources</b>		
Pension Expense/Revenue	\$ 330,284	\$ 257,141
<b>Total Deferred Outflows of Resources</b>	<b>\$ 330,284</b>	<b>\$ 257,141</b>
<b>Liabilities</b>		
Long-Term Liabilities Outstanding	\$ 1,991,997	\$ 1,341,756
Other Liabilities	56,448	683,931
<b>Total Liabilities</b>	<b>\$ 2,048,445</b>	<b>\$ 2,025,687</b>
<b>Deferred Inflows of Resources</b>		
Unearned Revenue - Property Taxes	\$ 2,510,359	\$ 2,485,265
Unearned Revenue - Per Capita Grant	20,128	20,176
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,530,487</b>	<b>\$ 2,505,441</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 2,963,394	\$ 2,893,903
Restricted	107,370	100,528
Unrestricted/(Deficit)	(90,826)	36,567
<b>Total Net Position</b>	<b>\$ 2,979,938</b>	<b>\$ 3,030,998</b>

An additional portion of the Library's net position, \$107,370, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a negative balance of \$90,826.

At the end of the current fiscal year, the Library is able to report positive balances in two categories of net position.

The Library's net position decreased by \$51,060 during the current fiscal year.

**Governmental activities** - Governmental activities decreased the Library's net position by \$51,060. Key elements of this decrease are as follows:

**Antioch Public Library District's Change in Net Position**

	Governmental Activities	
	2016	2015
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 46,147	\$ 34,901
Operating Grants and Contributions	161	308
Capital Grants and Contributions	31,407	55,693
General Revenues		
Property Taxes	2,496,984	2,458,643
Personal Property Replacement Taxes	10,736	8,815
Investment Earnings	4,774	5,246
Other Revenues	1,573	2,210
<b>Total Revenues</b>	<b>\$ 2,591,782</b>	<b>\$ 2,565,816</b>
<b>Expenses</b>		
General Government	\$ 143,154	\$ 134,296
Library Operations	2,463,115	2,264,550
Interest on Long-Term Debt	36,573	42,297
<b>Total Expenses</b>	<b>\$ 2,642,842</b>	<b>\$ 2,441,143</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (51,060)</b>	<b>\$ 124,673</b>
<b>Net Position - Beginning</b>	<b>3,030,998</b>	<b>3,296,869</b>
<b>Net Assets Adjustment</b>	<b>-</b>	<b>(390,544)</b>
<b>Net Position - Ending</b>	<b>\$ 2,979,938</b>	<b>\$ 3,030,998</b>



## FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$621,229.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$202,606, while total fund balance was \$387,279.

The fund balance of the Library's General Fund increased by \$89,614 during the current fiscal year.

The Debt Service Fund has a total fund balance of \$233,950, all of which is assigned for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$38,950.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was passed on August 25, 2015.

Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

- The difference between the budgeted revenues and the actual revenues was \$104,484 (unfavorable) and was mostly due to decreased property tax revenue and grant revenue being less than the amount budgeted for.
- The difference between the budgeted expenditures and the actual expenditures was \$363,634 (favorable) and was mostly due to less than expected capital outlay expenses and lower Library operation costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** - The Library's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$4,010,198 (net of accumulated depreciation). This investment in capital assets includes land, works of art and historical books, building, land improvements, equipment and shelving, and library materials. The total decrease in the Library's investment in capital assets for the current fiscal year was 4%.

**Antioch Public Library District's Capital Assets**  
(net of depreciation)

	Governmental Activities	
	2016	2015
Land	\$ 185,000	\$ 185,000
Works of Art and Historical Books	68,386	67,894
Building	2,932,776	3,018,320
Land Improvements	13,157	9,894
Equipment and Shelving	296,381	311,719
Library Materials	514,498	580,830
Total	<u>\$ 4,010,198</u>	<u>\$ 4,173,657</u>

Additional information on the Library's capital assets can be found in note 3 on page 20 of this report.

**Long-term debt** - At the end of the current fiscal year, the Library had total bonded debt outstanding of \$1,055,000. All of this debt is backed by the full faith and credit of the Library.

Additional information on the Library's long-term debt can be found in note 4 on pages 20 and 21 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

There were no significant economic factors that have been noted that would affect the Library's fiscal year 2017 budget.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Antioch Public Library District's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Antioch Public Library District, 757 Main Street, Antioch, IL 60002.

## BASIC FINANCIAL STATEMENTS

ANTIOCH PUBLIC LIBRARY DISTRICT  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
 YEAR ENDED JUNE 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,872,578
Property Taxes Receivables, Net of Allowance of \$24,688	1,220,708
Per Capita Grant Receivable	20,128
Fines Receivable, Net of Allowance of \$16,808	17,447
Prepaid Expenses	77,303
Capital Assets (Note 3)	
Land	185,000
Works of Art and Historical Books	68,386
Depreciable Building, Land Improvements, Equipment and Shelving, and Library Materials, Net of Depreciation	3,756,812
Bond Costs, Net of Amortization	10,224
<b>Total Assets</b>	<b>\$ 7,228,586</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Expense/Revenue - IMRF	\$ 330,284
<b>Total Deferred Outflows of Resources</b>	<b>\$ 330,284</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 12,851
Accrued Payroll	41,264
Accrued Expenses	2,333
Net Pension Liability - IMRF	884,121
Non-Current Liabilities	
Due in Less Than One Year	192,950
Due in More Than One Year	914,926
<b>Total Liabilities</b>	<b>\$ 2,048,445</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned Revenue - Property Taxes	\$ 2,510,359
Unearned Revenue - Per Capita Grant	20,128
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,530,487</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 2,963,394
Restricted for:	
Building	64,896
IMRF	5,734
Tort Immunity	27,491
Capital Projects	9,249
Unrestricted/(Deficit)	(90,826)
<b>Total Net Position</b>	<b>\$ 2,979,938</b>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					Governmental Activities
General Government	\$ 143,154	\$ -	\$ -	\$ -	\$ (143,154)
Library Operations	2,463,115	46,147	161	31,407	(2,385,400)
Interest on Long-Term Debt	36,573	-	-	-	(36,573)
Total Governmental Activities	<u>\$ 2,642,842</u>	<u>\$ 46,147</u>	<u>\$ 161</u>	<u>\$ 31,407</u>	<u>\$ (2,565,127)</u>

General Revenues	
Taxes	
Property Taxes	\$ 2,496,984
Personal Property Replacement Taxes	10,736
Unrestricted Investment Earnings	4,774
Other Income	1,573
Total General Revenues	<u>\$ 2,514,067</u>
Change in Net Position	\$ (51,060)
Net Position - Beginning of Year	<u>3,030,998</u>
Net Position - End of Year	<u>\$ 2,979,938</u>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2016

	General Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,638,628	\$ 233,950	\$ 1,872,578
Property Taxes Receivable, Net of Allowance of \$25,357	1,220,708	-	1,220,708
Per Capita Grant Receivable	20,128	-	20,128
Fines Receivable, Net of Allowance of \$14,862	17,447	-	17,447
Prepaid Expenses	77,303	-	77,303
<b>Total Assets</b>	<b>\$ 2,974,214</b>	<b>\$ 233,950</b>	<b>\$ 3,208,164</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 12,851	\$ -	\$ 12,851
Accrued Payroll	41,264	-	41,264
Accrued Expenses	2,333	-	2,333
<b>Total Liabilities</b>	<b>\$ 56,448</b>	<b>\$ -</b>	<b>\$ 56,448</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue - Property Taxes	\$ 2,510,359	\$ -	\$ 2,510,359
Unearned Revenue - Per Capita Grant	20,128	-	20,128
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,530,487</b>	<b>\$ -</b>	<b>\$ 2,530,487</b>
<b>FUND BALANCES</b>			
Non-Spendable	\$ 77,303	\$ -	\$ 77,303
Restricted for:			
Building	64,896	-	64,896
IMRF	5,734	-	5,734
Tort Immunity	27,491	-	27,491
Capital Projects	9,249	-	9,249
Assigned			
Debt Service	-	233,950	233,950
Unassigned	202,606	-	202,606
<b>Total Fund Balances</b>	<b>\$ 387,279</b>	<b>\$ 233,950</b>	<b>\$ 621,229</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,974,214</b>	<b>\$ 233,950</b>	<b>\$ 3,208,164</b>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 YEAR ENDED JUNE 30, 2016

Fund Balances - Total Governmental Funds		\$ 621,229
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 8,772,644	
Less: Accumulated Depreciation	<u>(4,762,446)</u>	4,010,198
<p>Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Pension Expense/Revenue - IMRF		330,284
<p>Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.</p>		
Bond Refunding Costs, net of related amortization	\$ 10,224	
Bond Discounts, net of related amortization	<u>8,196</u>	18,420
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds Payable	\$ (1,055,000)	
Compensated Absences	(61,072)	
Net Pension Liability - IMRF	<u>(884,121)</u>	<u>(2,000,193)</u>
Net Position of Governmental Activities		<u><u>\$ 2,979,938</u></u>

The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2016

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 2,496,984	\$ -	\$ 2,496,984
Personal Property Replacement Taxes	10,736	-	10,736
Developer Donations	532	-	532
Fines	32,937	-	32,937
Interest	4,751	23	4,774
Copier and Reader-Printer	13,210	-	13,210
Gifts and Memorials	161	-	161
Per Capita Grant	20,176	-	20,176
Capital Contributions	500	-	500
Other Grants	10,199	-	10,199
Other Income	1,573	-	1,573
	<u>\$ 2,591,759</u>	<u>\$ 23</u>	<u>\$ 2,591,782</u>
<b>EXPENDITURES</b>			
Current			
General Government	\$ 143,154	\$ -	\$ 143,154
Library Operations	1,878,929	-	1,878,929
Capital Outlay	247,462	-	247,462
Debt Service			
Principal	-	235,000	235,000
Interest and Fees	-	36,573	36,573
	<u>\$ 2,269,545</u>	<u>\$ 271,573</u>	<u>\$ 2,541,118</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 322,214	\$ (271,550)	\$ 50,664
<b>OTHER FINANCING SOURCES/(USES)</b>			
Interfund Transfers	<u>(232,600)</u>	<u>232,600</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ 89,614	\$ (38,950)	\$ 50,664
FUND BALANCES - JULY 1, 2015	<u>297,665</u>	<u>272,900</u>	<u>570,565</u>
FUND BALANCES - JUNE 30, 2016	<u><u>\$ 387,279</u></u>	<u><u>\$ 233,950</u></u>	<u><u>\$ 621,229</u></u>

The Notes to Financial Statements are an integral part of this statement.



ANTIOCH PUBLIC LIBRARY DISTRICT  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 50,664

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlays	\$ 112,596	
Depreciation Expense	<u>(276,055)</u>	(163,459)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		235,000
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Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Bond Discount Amortization	\$ (2,050)	
Bond Refunding Cost Amortization	(2,555)	
Compensated Absences	930	
Pension Expense	<u>(304,211)</u>	(307,886)

Employer Pension Contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.

		<u>134,621</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (51,060)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

ANTIOCH PUBLIC LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Antioch Public Library District (Library) is a public library organized under Chapter 75 of the Illinois Compiled Statutes. It operates under the direction of a Board of Trustees and provides library facilities in an area generally described as Antioch Township and part of upper Newport Township.

The Library's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting principles established in GAAP and used by the Library are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Library. Component units are legally separate entities for which the Library (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Library's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Library. Using these criteria, the Library has no component units. In addition, the Library is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Financial Statements*

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund (reporting the Library's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Library as governmental activities. The Library does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, other income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function (general government and library operations). Operating grants include operating specific grants and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. *Basic Financial Statements – Government-Wide Financial Statements (Continued)*

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, unrestricted investment earnings, other income, etc.).

The Library does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

#### C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures of all governmental funds) for the determination of major funds. The Library electively made all funds major.

The following fund types are used by the Library:

##### *Governmental Funds*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

General Fund – The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. Building, IMRF, Social Security, and Tort Immunity are included in this fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal, interest, and related fees on general-long term debt.

#### D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### 1. *Accrual*

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other nonexchange revenues, including

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. *Basis of Accounting* (Continued)

##### 1. Accrual (Continued)

governmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

##### 2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

#### E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Library funds. Instead, the funds maintain their cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Library funds and are, therefore, interfund loans that have not been authorized by Library Board action.

No Library fund had a cash overdraft at June 30, 2016.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at cost or amortized cost. Gains or losses on the sale of investments are recognized upon realization.

#### F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

#### G. *Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Building	50 years
Land Improvements	15 years
Equipment and Shelving	5-50 years
Library and Materials	3-15 years

J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the balance sheet(s) and statement(s) of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

K. *Compensated Absences*

The Library has a policy to pay employees for accumulated unused vacation time and compensatory time ("paid time off") upon termination. The amount estimated to be used in subsequent fiscal years for governmental funds is reported only as a general non-current liability in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations.

L. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are unavailable and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### L. *Long-Term Obligations* (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### M. *Government-Wide Net Position*

Government-wide net position is divided into three components:

- Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – consists of net position that is restricted by the Library's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions or shared revenues), by grantors (both federal and state), and by other contributors (including those who have contributed impact fees for future capital expansion).
- Unrestricted Net Position – the remaining net position is reported in this category.

#### N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of resolution of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### N. *Governmental Fund Balances (Continued)*

- Assigned (Continued)

committee) or official to which the Board of Trustees has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Pursuant to a Fund Balance Policy passed by the Board of Trustees, the Library Director has been delegated this authority.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Library itself. All assigned fund balances are the residual amounts of the fund.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Library permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

#### O. *Property Tax Calendar and Revenues*

The Library's property tax is levied each calendar year on all taxable real property located in the Library's district on or before the last Tuesday in December. The 2015 levy was passed by the Board on November 24, 2015. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Library receives significant distributions of tax receipts approximately one month after these dates.

#### P. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### NOTE 2 - DEPOSITS

The Library's deposits are fully insured or collateralized by securities held in the Library's name.

The Library is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Works of Art and Historical Books	67,894	492	-	68,386
Total Capital Assets not being depreciated	<u>\$ 252,894</u>	<u>\$ 492</u>	<u>\$ -</u>	<u>\$ 253,386</u>
Other Capital Assets				
Building	\$ 4,271,565	\$ -	\$ -	\$ 4,271,565
Land Improvements	25,002	5,100	-	30,102
Equipment and Shelving	654,229	13,783	-	668,012
Library Materials	3,472,010	93,221	15,652	3,549,579
Total Other Capital Assets at Historical Cost	<u>\$ 8,422,806</u>	<u>\$ 112,104</u>	<u>\$ 15,652</u>	<u>\$ 8,519,258</u>
Less Accumulated Depreciation for:				
Building	\$ 1,253,245	\$ 85,544	\$ -	\$ 1,338,789
Land Improvements	15,108	1,837	-	16,945
Equipment and Shelving	342,510	29,121	-	371,631
Library Materials	2,891,180	159,553	15,652	3,035,081
Total Accumulated Depreciation	<u>\$ 4,502,043</u>	<u>\$ 276,055</u>	<u>\$ 15,652</u>	<u>\$ 4,762,446</u>
Other Capital Assets, Net	<u>\$ 3,920,763</u>	<u>\$ (163,951)</u>	<u>\$ -</u>	<u>\$ 3,756,812</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,173,657</u>	<u>\$ (163,459)</u>	<u>\$ -</u>	<u>\$ 4,010,198</u>

Depreciation expense charged to library operations was \$276,055 for the year ended June 30, 2016.

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
General Obligation Library Building					
Refunding Bonds Series 2010					
dated 10/1/2010					
	\$ 1,290,000	\$ -	\$ 235,000	\$ 1,055,000	\$ 195,000
Discount on Series 2010 Bonds	(10,246)	-	(2,050)	(8,196)	(2,050)
Total Long-Term Debt	<u>\$ 1,279,754</u>	<u>\$ -</u>	<u>\$ 232,950</u>	<u>\$ 1,046,804</u>	<u>\$ 192,950</u>
Other Long-Term Obligations					
Compensated Absences	\$ 62,002	\$ -	\$ 930	\$ 61,072	\$ -
Total Other Long-Term Obligations	<u>\$ 62,002</u>	<u>\$ -</u>	<u>\$ 930</u>	<u>\$ 61,072</u>	<u>\$ -</u>
Governmental Activities Long-Term Obligations	<u>\$ 1,341,756</u>	<u>\$ -</u>	<u>\$ 233,880</u>	<u>\$ 1,107,876</u>	<u>\$ 192,950</u>

Bonds and notes payable consisted of the following at June 30, 2016:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:				
General Obligation Library Building				
Refunding Bonds Series 2010				
dated 10/1/2010				
	1/1/2021	2.0% -3.4%	\$ 2,135,000	\$ 1,055,000



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

At June 30, 2016 the annual debt service requirements to service long-term debt attributable to governmental activities are:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 195,000	\$ 30,660	\$ 225,660
2018	215,000	24,510	239,510
2019	210,000	17,873	227,873
2020	220,000	10,885	230,885
2021	215,000	3,654	218,654
	<u>\$ 1,055,000</u>	<u>\$ 87,582</u>	<u>\$ 1,142,582</u>

NOTE 5 - DEFICIT FUND BALANCE

At June 30, 2016, no Library fund had a deficit fund balance.

NOTE 6 - PROPERTY TAXES REVENUE

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2015 tax levy. The unavailable revenue is 100% of the 2015 tax levy. These taxes are unavailable as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the Library does not consider the amounts to be available and does not budget for their use in fiscal year 2016. The Library has determined that 100% of the amounts collected for the 2014 levy is allocable for use in fiscal year 2016. Therefore, 100% of the amounts collected for the 2014 levy (\$2,496,984) is recorded in these financial statements as property taxes revenue. A summary of the assessed valuations and extensions for the tax years 2015, 2014 and 2013 is as follows:

Tax Year	2015		2014		2013	
	Rate	Extension	Rate	Extension	Rate	Extension
Assessed Valuation	\$622,084,458		\$635,052,358		\$654,867,089	
General	0.346923	\$ 2,158,154	0.345382	\$ 2,193,356	0.320000	\$ 2,095,575
Building	0.020000	124,417	0.020000	127,010	0.020000	130,973
Illinois Municipal Retirement	0.022083	137,375	0.021573	137,000	0.021000	137,522
Social Security	0.015395	95,770	0.003622	23,002	0.012000	78,584
Tort Immunity	0.003215	20,000	0.004724	30,000	0.004000	26,194
	<u>0.407616</u>	<u>\$ 2,535,716</u>	<u>0.395301</u>	<u>\$ 2,510,368</u>	<u>0.377000</u>	<u>\$ 2,468,848</u>

NOTE 7 - OPERATING LEASES

The Library leases copier equipment under an operating lease. Annual requirements to cover this outstanding operating lease agreement are:

<u>Year Ending June 30</u>	<u>Total Payments</u>
2017	<u>\$ 1,055</u>

Total rental expense for the year ended June 30, 2016 was \$6,328.

NOTE 8 - OVEREXPENDITURE OF BUDGET

For the year ended June 30, 2016, the following fund had expenditures that exceeded the budget:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - OVEREXPENDITURE OF BUDGET (Continued)

Fund	Budget	Actual	Excess of Actual Over Budget
Debt Service	\$ 271,523	\$ 271,573	\$ 50

NOTE 9 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund*

➤ **Plan Description**

The Library's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Library's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

➤ **Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RETIREMENT FUND COMMITMENTS (Continued)

A. *Illinois Municipal Retirement Fund* (Continued)

➤ **Benefits Provided** (Continued)

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

➤ **Employees Covered by Benefit Terms**

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2015, the measurement date, the Library's membership consisted of:

Retirees and beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	55
Active plan members	36
Total	104

➤ **Contributions**

As set by statute, the Library's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual contribution rate for calendar year 2015 was 11.94%. For the fiscal year ended June 30, 2016, the Library contributed \$134,621 to the Plan. The Library also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

➤ **Net Pension Liability**

The components of the net pension liability of the IMRF as of December 31, 2015, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	3,665,448
IMRF Fiduciary Net Position		2,781,327
Library's Net Pension Liability		884,121
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		75.88%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the Plan.

➤ **Actuarial Assumptions**

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RETIREMENT FUND COMMITMENTS (Continued)

A. *Illinois Municipal Retirement Fund* (Continued)

➤ **Actuarial Assumptions** (Continued)

Assumptions	
Inflation	3.50%
Price Inflation	2.75%
Salary Increases	3.75% - 14.50% including inflation
Interest Rate	7.47%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study from years 2011 to 2013.

The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

➤ **Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Return
Equities	38.0%	7.39%
International Equities	17.0%	7.59%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	6.00%
Alternatives	9.0%	
Private Equity		8.15%
Hedge Funds		5.25%
Commodities		2.75%
Cash	1.0%	2.25%
	100.0%	

➤ **Single Discount Rate**

The projection of cash flow used to determine this Single Discount Rate assumed that the Plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RETIREMENT FUND COMMITMENTS (Continued)

A. *Illinois Municipal Retirement Fund* (Continued)

➤ **Single Discount Rate** (Continued)

between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and resulting single discount rate is 7.47%.

➤ **Discount Rate Sensitivity**

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Library calculated using the discount rate of 7.47% as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47%) or 1-percentage-point higher (8.47%) than the current rate:

	1% Decrease 6.47%	Current Discount Rate 7.47%	1% Increase 8.47%
Net Pension Liability	\$ 1,487,631	\$ 884,121	\$ 399,452

➤ **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2016, the Library recognized pension expense of \$304,211. At June 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Expense in Future Periods</b>	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 47,356	\$ (26,089)	\$ 21,267
Assumption changes	64,616	-	64,616
Net difference between projected and actual earnings on pension investments	177,203	-	177,203
Total deferred amounts to be recognized in pension expense in future periods	\$ 289,175	\$ (26,089)	\$ 263,086
Pension contributions made subsequent to the measurement date	67,198	-	67,198
Total deferred amounts related to pensions	<u>\$ 356,373</u>	<u>\$ (26,089)</u>	<u>\$ 330,284</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RETIREMENT FUND COMMITMENTS (Continued)

A. *Illinois Municipal Retirement Fund* (Continued)

➤ **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 96,851
2017	86,058
2018	41,486
2019	38,691
2020	-
Thereafter	-
	<u>\$ 263,086</u>

B. *Social Security*

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered “non-participating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under social security. The Library paid the total required contribution for the current fiscal year.

NOTE 10 - INTERFUND TRANSFERS

An interfund transfer during the year ended June 30, 2016 was as follows:

Transfer from General Fund to Debt Service Fund	<u>\$ 232,600</u>
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The purpose of the transfer was to fund the Debt Service Fund to pay General Obligation Building Bond payments for the year.

NOTE 11 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library purchases commercial insurance to handle these risks of loss. During fiscal year 2016 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Library is insured under a retrospectively-rated policy for workers’ compensation coverage, whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2016, there were no significant adjustments in premiums based on actual experience.

NOTE 12 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of governmental activities indebtedness to 2.875% of the most recent available equalized valuation (EAV) of the Library. The Library’s legal debt limitation is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - LEGAL DEBT LIMITATION (Continued)

2015 EAV	\$	622,084,458
Rate		2.875%
Debt Margin	\$	17,884,928
Current Debt		1,055,000
Remaining Debt Margin	\$	<u>16,829,928</u>

NOTE 13 - SUBSEQUENT EVENTS

The Library has evaluated subsequent events through December 12, 2016, the date on which the financial statements were available to be issued.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ended June 30, 2016, the Library has implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement further clarifies how fair value is determined for assets and liabilities and also requires additional disclosures about the fair value measurement of investments held. As of June 30, 2016, the Library did not hold any investments required to be reported at fair value.

REQUIRED SUPPLEMENTARY INFORMATION



ANTIOCH PUBLIC LIBRARY DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
JUNE 30, 2016

	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY		
Service Cost	\$ 121,717	\$ 119,090
Interest	256,216	223,040
Differences Between Expected and Actual Experience	(35,750)	99,630
Changes in Assumptions	11,002	119,049
Benefit Payments, Including Refunds of Member Contributions	(95,299)	(143,075)
Net Change in Total Pension Liability	\$ 257,886	\$ 417,734
Total Pension Liability - Beginning	3,407,562	2,989,828
Total Pension Liability - Ending	\$ 3,665,448	\$ 3,407,562
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 133,329	\$ 123,437
Contributions - Member	50,647	49,032
Net Investment Income	14,053	155,593
Benefit Payments, Including Refunds of Member Contributions	(95,299)	(143,075)
Other	(87,578)	45,174
Net Change in Plan Fiduciary Net Position	\$ 15,152	\$ 230,161
Plan Net Position - Beginning	2,766,175	2,536,014
Plan Net Position - Ending	\$ 2,781,327	\$ 2,766,175
District's Net Pension Liability	\$ 884,121	\$ 641,387
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.88%	81.18%
Covered-Employee Payroll	\$ 1,116,665	\$ 1,087,550
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	79.18%	58.98%

\* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditors' Report

ANTIOCH PUBLIC LIBRARY DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
JUNE 30, 2016

	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 133,330	\$ 123,437
Contributions in relation to Actuarially-Determined Contribution	133,329	123,437
Contribution deficiency/(excess)	\$ 1	\$ -
Covered-Employee Payroll	\$ 1,116,665	\$ 1,087,550
Contributions as a percentage of Covered-Employee Payroll	11.94%	11.35%

**Notes to Schedule:**

***Actuarial Method and Assumptions Used on the Calculation of the 2015 Contribution Rate \****

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Actuarial Cost Method:** Aggregate entry age = normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 28-year closed period until remaining period reaches 15 years (then 15-year rolling period)

**Asset Valuation Method:** 5-year smoothed market; 20% corridor

**Wage Growth:** 4%

**Price Inflation:** 3%, approximate; No explicit price inflation assumption is used in this valuation.

**Salary Increases:** 4.40% to 16%, including inflation

**Investment Rate of Return:** 7.50%

**Retirement Age:** Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.

**Mortality:** RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward ten years.

\*Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

ANTIOCH PUBLIC LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u>
<b>REVENUES</b>		
Property Taxes	\$ 2,584,343	\$ 2,496,984
Personal Property Replacement Taxes	7,000	10,736
Developer Donations	1,000	532
Fines	30,000	32,937
Interest	5,400	4,751
Copier and Reader-Printer	12,500	13,210
Gifts and Memorials	1,000	161
Per Capita Grant	32,700	20,176
Capital Contributions	1,000	500
Other Grants	19,200	10,199
Other Income	2,100	1,573
	<u>\$ 2,696,243</u>	<u>\$ 2,591,759</u>
<b>EXPENDITURES</b>		
Current		
General Government		
Legal	\$ 15,010	\$ 17,320
Publishing	2,000	3,039
Printing	2,400	3,614
Office Supplies	10,100	7,365
Travel	3,000	911
Postage	12,000	7,455
Accounting	11,500	13,610
Liability Insurance	24,911	11,634
Dues and Memberships	2,700	2,000
Public Relations	29,200	22,136
Appraisal	5,700	-
Staff Development	22,000	14,679
Human Resource Activities	7,000	4,327
Computer Programs	7,850	2,973
Collection Agency Fees	3,200	3,378
Copier Supplies	5,000	3,933
Computer Supplies	12,000	8,783
Processing Supplies	13,000	12,063
AV Repair Supplies	2,500	2,610
Bank Charges	200	40
Reciprocal Borrowing Losses	300	682
Refunds	1,000	602
	<u>\$ 192,571</u>	<u>\$ 143,154</u>
Library Operations		
Salaries	\$ 1,146,720	\$ 1,134,056
Temporary Employees	101,000	86,813
Employer Paid Benefits - Insurance	205,000	157,675
IMRF	136,798	134,656
Social Security	95,365	90,471
Book Binding	2,800	2,539
Shelf Management	5,000	4,464
Equipment Rental	6,500	6,328
Equipment and Furniture Repair	6,900	2,346
Computer Maintenance	16,270	12,530
Maintenance Agreement	33,400	36,520
Network Consultants	6,375	3,750
Video License	1,000	850

See Accompanying Independent Auditors' Report

ANTIOCH PUBLIC LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>	<u>Actual</u>
	<u>Original and Final</u>	<u>Actual</u>
EXPENDITURES (Continued)		
Current (Continued)		
Library Operations (Continued)		
Reference Services	\$ 50,900	\$ 54,859
Adult Programs	12,500	9,308
Young Adult Programs	10,000	10,940
Children's Programs	15,000	11,637
Periodicals	9,250	6,484
Music Recording Services	6,850	7,004
Playaway Views	3,000	2,140
Contingency	5,000	-
Building Operations		
Telephone	10,815	9,531
Disposal Service	4,500	5,750
Building and Grounds Maintenance	42,000	39,095
Heat/Gas	10,000	4,781
Electricity	42,000	36,940
Water	2,000	1,844
Custodial Supplies	12,000	5,618
Other Grants	1,000	-
Expenditures, Dev. Contributions	500	-
Contingency	1,000	-
	<u>\$ 2,001,443</u>	<u>\$ 1,878,929</u>
Total Current	<u>\$ 2,194,014</u>	<u>\$ 2,022,083</u>
Capital Outlay		
Books	\$ 189,525	\$ 168,711
Equipment	1,000	1,170
Furniture	2,000	3,793
Per Capita Grant	32,640	17,577
Building	16,500	14,244
Grounds	12,500	12,878
Other Grants	10,000	9,807
Future Development	175,000	19,282
	<u>\$ 439,165</u>	<u>\$ 247,462</u>
TOTAL EXPENDITURES	<u>\$ 2,633,179</u>	<u>\$ 2,269,545</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 63,064	\$ 322,214
OTHER FINANCING SOURCES/(USES)		
Interfund Transfers	(268,000)	(232,600)
NET CHANGE IN FUND BALANCE	\$ (204,936)	\$ 89,614
FUND BALANCES - JULY 1, 2015	<u>297,665</u>	<u>297,665</u>
FUND BALANCES - JUNE 30, 2016	<u>\$ 92,729</u>	<u>\$ 387,279</u>

See Accompanying Independent Auditors' Report

ANTIOCH PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016

NOTE 1 - BUDGETARY PROCESS

Annual budgets are legally adopted and separately reported for all funds of the Library. The budget was passed on August 25, 2015. The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director requests input on the needs of the different departments of the Library.
2. The Library Director uses this input to prepare a preliminary budget.
3. The staff and Library Director go over the preliminary budget and make any necessary adjustments.
4. The revised budget is submitted to the budget committee for review. Recommended changes are discussed with Library Director.
5. The budget is presented to and reviewed by the Board at a public hearing.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2016, no fund presented as Required Supplementary Information had expenditures that exceeded the budget.

SUPPLEMENTAL FINANCIAL INFORMATION

ANTIOCH PUBLIC LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>	<u>Actual</u>
	<u>Original and Final</u>	
REVENUES		
Interest	\$          500	\$          23
EXPENDITURES		
Debt Service		
Principal	\$      271,523	\$      235,000
Interest	-	36,523
Fees	-	50
	\$      271,523	\$      271,573
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$      (271,023)	\$      (271,550)
OTHER FINANCING SOURCES/(USES)		
Interfund Transfers	268,000	232,600
NET CHANGE IN FUND BALANCE	\$      (3,023)	\$      (38,950)
FUND BALANCES - JULY 1, 2015	272,900	272,900
FUND BALANCES - JUNE 30, 2016	\$      269,877	\$      233,950

See Accompanying Independent Auditors' Report